



PROJECT
2049
INSTITUTE

2016 Annual Report

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President's Report

Since the Project 2049 Institute's establishment in 2008, the Institute has endeavored to provide in-depth research and develop innovative approaches for strengthening ties between the United States and key partners in Asia. As part of our mission to guide decision makers toward a more secure Asia by the century's midpoint, the Institute continues to implement programs and publish forward-looking analysis covering security trends affecting U.S. interests in the Asia-Pacific region. As the evolving security environment is being shaped by major driving forces such as China's assertive and coercive policies and the presidential election in Taiwan and the United States, the Project 2049 Institute continues to champion the role of American leadership in the region through its programs, events, and publications.

Programs:

In 2016, the Institute implemented the following programs:

The Chinese Communist Party's use of Historical Narratives: In 2016, the Project 2049 Institute launched a year long program aimed at studying the Chinese Communist Party's (CCP) use of historical narratives as it relates to its domestic and foreign policy. As part of the program, the Project 2049 Institute will host 3 conferences and commission papers to address the CCP's history. In addition the program will launch a blog in 2017 to bring the latest news and analysis of the People's Republic of China's strategic culture through an in-depth look at the organizational behavior of the CCP and the inherent contradictions that occur through the CCP's use of patriotic education, political work groups, and influence operations abroad.

Taiwan Program: Election and Policy Issues: With support from the Smith Richardson Foundation, the Project 2049 Institute implemented a year-long program to take a bipartisan group of U.S. foreign policy practitioners to Taiwan in Spring 2016 for consultations with incoming politicians during the months between the presidential election (January) and inauguration (May). The project included discussions between American and Taiwanese counterparts on key policy issues for the incoming governing party during the intervening months between winning the nation-wide election and taking the seat in the presidential palace in Taipei. In addition, research on U.S.-Taiwan and cross-Strait relations will be conducted as a part of this program to provide policy suggestions to the incoming presidents of Taiwan and the U.S. in 2016 and 2017, respectively.

Leaders Program Keynote Dinners: In 2011, the Project 2049 Institute launched an educational and intellectual exchange-based program for leaders in the government, non-governmental and private sectors. This program centers on a series of keynote dinners focused on current foreign affairs and implications of global developments for the Asia-Pacific region. In 2016, keynote dinners featured the author of the "China Fantasy" James Mann, and acclaimed actor and Tibet Activist, Richard Gere.

Taiwan Exchange Program: As part of our comprehensive program on Taiwan, Former Deputy Secretary of State Mr. Richard Armitage will lead the annual delegation visit to Taiwan. Due to the inauguration of President Tsai Ing-wen, the 2016 annual delegation will be hosted in early 2017. In addition, Executive Director Mark Stokes, President/CEO Randall Schriver and Research Fellow Ian Easton have visited Taiwan on separate occasions as part of our field visits and consultations.

South Korea Ministry of National Defense (MND) Fellowship: In 2016, the Project 2049 Institute hosted Ms. Lee Mi-Young and Ms. Song Rae-Chan from the Republic of Korea's (ROK) Ministry of National Defense for a year and a half and one year fellowship respectively. Ms. Lee conducted research on U.S. and China policy towards the ROK and the heightened security challenges on the Peninsula. Ms. Song will research and conduct extensive interviews with policy experts and practitioners in Washington, D.C. on the topic of arms sales and the system and process of developed countries government and defense industry's export strategy and policy .

Prospect Foundation: In 2016, the Project 2049 Institute continued its intellectual exchange program with the Prospect Foundation based in Taipei. Personnel from the two think tanks conducted regular consultations on developments in U.S.-Taiwan and cross-Strait relations. The Institute submits a quarterly report to the Prospect Foundation on policy and personnel changes in Washington, D.C. related to Taiwan.

Research Support to the RAND Corporation : In 2016, Project 2049's Executive Director Mark Stokes and Research Fellow Ian Easton contributed research to the RAND Corporation and authored a chapter detailing Taiwan's Reserve Force.

Taiwan Ministry of National Defense (MND) Executive Program: In partnership with AEI scholars Dan Blumenthal and Mike Mazza, the Project 2049 Institute launched its inaugural exchange program for officers and personnel from Taiwan's Ministry of National Defense. The program consisted of a one-week long series of seminars for about 15 Taiwan nationals focusing on the United States and Taiwan's security partnership. This year, the program hosted Former Deputy Secretary of State Mr. Richard Armitage, Ambassador John Bolton, and Deputy Assistant Secretary of Defense for East Asia Abe Denmark, among other experts and policymakers. The program is designed to help Taiwan practitioners understand American priorities and perspectives related to Asia's security environment and the defense of Taiwan.

China's Sixth Generation Leaders: The Changing Landscape of Chinese

Communist Party Security Policy: In 2016, the Project 2049 Institute continued its research efforts on future leadership changes in the Chinese Communist Party (CCP). The project identifies and evaluates China's governing structure and composition, taking into account the factors associated with cadres' career progression and succession. Due to ongoing changes related to General Secretary Xi Jinping's anti-corruption campaign, the Project 2049 Institute continues to monitor and assess the changes in CCP's leadership. This project identifies leading candidates during the formative years of their political careers and assesses their potential policy orientations. The project's key component is a comprehensive database of future economic, political, and military leaders in the CCP.

Burma Transition Initiative (BTI): With the support from the Department of State's Bureau for Democracy, Human Rights and Labor (DRL), BTI continued implementing a project with our local Burmese partner, the Assistance Association for Political Prisoners (AAPP), to establish a Burmese-led platform to support former political prisoner rehabilitation and reintegration in Burmese society. In September 2016, BTI received an additional grant from DRL to launch a new program supporting civil society in Burma. We are currently in the process of identifying local partners with whom we will implement this new project. We also were notified that our partnership with AAPP would continue to receive DRL support for an additional two years. With support from the National Endowment for Democracy (NED), BTI also continued its program to support Burmese-developed policy analysis, strategic policymaking and political coalition building among like-minded democratic actors.

Project 2049's work in Burma has given the organization an influential platform for networking among Burmese policy research institutions, policymakers, politicians, and political civil society. Both our existing and new projects include a component of outreach to political leaders among Burma's ethnic nationalities, and work with them on planning, strategy and analysis. Recent programs include support for the first ever ethnic nationalities youth conference organized in Burma, and funding for a local think tank to do federalism training for ethnic women leaders.

Many of BTI's local partners were successful candidates in the NLD's victory in the November 2015 parliamentary elections. In addition, more than 100 former political prisoners were elected to parliament and are expected to be a strong force for reform in many of the areas in which our project work has focused. Since the elections, BTI has fielded a number of inquiries for follow-on work from both the NLD and ethnic political parties who won parliamentary seats at the national and regional levels. For example, we have partnered with a local foundation to launch a new 'informal dialogue' series that brings high-level speakers to meet with ethnic members of parliament in Naypyidaw, and are working with a group of key women MPs to develop an internship and mentorship program to support their work in parliament. Senior Fellow Kelley

Currie manages BTT's work together with Ms. Cheery Zahau, our in-country representative in Burma.

Upcoming Programs

U.S.-Japan-Taiwan Trilateral Assessment: Regional Challenges

The Project 2049 Institute has submitted a proposal to The Japan Foundation Center for Global Partnership for a 2-year program aimed at promoting a trilateral assessment of developments in the Asia-Pacific and exploring areas of mutual interest and potential cooperation in the region at large. The Project aims to stimulate discussion for joint strategies and areas of cooperation for the United States, Japan, and Taiwan. In light of rising challenges in the region, the Project 204 Institute hopes this effort will promote stability and inclusive networks in the region.

Contemporary Challenges Facing the PRC

In 2016, a public conference and short research papers will support a program to analyze "Contemporary Challenges for the PRC." This research support would include an analysis of a variety of political, social, and economic challenges the PRC faces in the coming decade.

China's State Commission of Border and Coastal Defense

This occasional paper examines the PRC's evolving border and coastal defense system. It first offers historical background on the SC/BCD, and outlines its structure at each level. It then summarizes three ostensible means used to demonstrate its authority. The final section describes the PLA reform and reorganization and how it could affect the system.

The Invasion Threat: Taiwan's Defense and American Strategy in Asia

This manuscript will research and analyze the People's Liberation Army's planning and doctrine for a range of possible cross-Strait contingencies, including full-scale forcible entry operations against Taiwan.

Research Highlights (Occasional Papers and Policy Briefs)

In 2016, the Institute produced the following research reports:

Challenges Facing Taiwan in the South China Sea

This paper examines the many challenges facing Taiwan in the South China Sea. It will first lay out some of the reasons why the South China Sea matters to Taiwan's interests. Next, it will assess the PRC threat to Taiwanese interests at the strategic, operational, and tactical levels of analysis. Finally, the paper concludes with an outline of areas

where the U.S. and Taiwan could cooperate to impose costs on PRC expansionism and better ensure regional peace and stability

Reaching the Limits: China as a Responsible Stakeholder

This occasional paper was authored by John Lee (Australia National University) and explores the following: Given the U.S.-China economic relationship and China's importance in Asia, America's temptation is to seek a comprehensive cooperative framework to perpetuate its leadership and "tame" a rising China in order to promote stability in the region. However, Washington cannot hope to decisively determine the endgame for an authoritarian China-in which the CCP, leading a country of 1.4 billion people, will choose to become a "responsible stakeholder" within a U.S.-led order.

Strategic Standoff: The U.S.-China Rivalry and Taiwan

The Project 2049 Institute's Research Fellow, Ian Easton, analyzes the nature of the U.S.-China strategic competition. Ultimately, getting the strategic competition with China right will help America secure unprecedented levels of prosperity, freedom, and stability for all Pacific nations by the century's midpoint.

The U.S. and Future Policy Option in the Taiwan Strait

This monograph by Project 2049 Executive Director Mark Stokes and Contributor Sabrina Tsai details future policy options for U.S.-Taiwan relations. Taiwan is a core interest in U.S. foreign policy. As such, ensuring a stable and positive future for Taiwan as a democracy and a primary contributor to the global economy and international community is a high priority. This monograph concludes that a more objective representation of the status quo in the Taiwan Strait may better serve long-term U.S. interests.

Taiwan, Submarines, and Competitive Strategies for U.S.-China Competition

This *Policy Brief* by Project 2049 intern Henry Host provides a brief assessment of Taiwan's Indigenous Defense Submarine (IDS) program. The IDS program has spurred a small but fierce debate over the merits of Taiwan's submarine aspirations. This discussion fails to consider the potential long-run strategic benefits for the United States. Taiwan's IDS program could spur greater PLA budgetary allocation in an area of favorable U.S.-China technological asymmetry: anti-submarine warfare (ASW). Given the high probability of greater PLA investment in high end war fighting capabilities, larger PLA spending on ASW is comparatively less threatening to U.S. regional interests than other capabilities within high-technology confines. As such, the U.S. should

reevaluate the long-run strategic merits of assisting Taiwan's pursuit of a submarine program.

The Nature of China's Rise and Why it Matters to the U.S. and Japan: A Japanese Perspective

This *Policy Brief* by Hiroko Maeda (Research Fellow, PHP Research Institute in Japan) examines the challenges China's military buildup and its impact on regional stability. The paper further explores how China's regional assertiveness poses a challenge to the U.S.-Japan alliance.

AsiaEye Blog Posts

- "Chinese Political Warfare After Taiwan's Elections: Tsai's Victory" by Alison Bartel
- "Ripe for Reinvigoration: The Japan-South Korea Security Relationship" by Samuel J. Mun
- "How Chinese Analysts Understand Taiwan's Geostrategic Significance" by David Gitter
- "China as a Responsible Stakeholder? A Decade Later" by Julia Bowie
- "Congress Takes on China's Propaganda Machine" by Claire Chu
- "The Case of U.S. Ship Visits to Taiwan" by Randall Schriver
- "Taiwan's Transition is a Strategic Opportunity for the U.S." by Ian Easton
- "Burmese NGO Pushes for Reparations for Political Prisoners" by Julia Bowie
- "The Taiwanese Curve Ball: Why Taiwan's New Government Will Put the Brakes on China's Foreign Policy" by Ian Easton
- "Taiwan's "Cyber Army" Plan" by Paul Huang
- "Taiwan's Future Submarine Program: A Deep Dive" by Julia Bowie and Baldwin Mei

- "The Role of Traditional Chinese Culture in CCP Policy" by Jacob Larsen
- "The Need for Increased Scrutiny of PRC Acquisitions of U.S. Tech Firms by Charles Emmett
- "Seek Truth from Facts: The Chinese Communist Party's War on History" by Rachael Burton and Sebra Yen
- "Securing the Future with more U.S.-Taiwan Exchange Programs" by Sebra Yen

External Articles/Publications

- "The Strategic Duel Over Taiwan" in The Fletcher Security Review by Ian Easton (March 15)
- "The Case for U.S. Ship Visits to Taiwan" in The Diplomat by Randall Schriver (May 9)
- "China: A Responsible Stakeholder?" in The National Interest by Julia Bowie (May 10)
- "Taiwan's Transition is a Strategic Opportunity for the U.S." in The Diplomat by Ian Easton (May 17)
- "The Taiwanese Curveball: Why Taiwan's New Government will put the Brakes on China's Foreign Policy" in Newsweek Japan by Ian Easton (June 7)
- "A Partnership that Can Stop China in the South China Sea" in The National Interest by Julia Famularo (Oct 30)
- "Reality Check: Trump's Taiwan Call was a Step Toward Balanced Relations" in The National Interest by Dan Blumenthal and Randall Schriver (Dec 5)
- "Blurred Lines: Military-Civil Fusion and the "Going Out" of China's Defense Industry" by Greg Levesque and Mark Stokes, Pointe Bello, December 2016

Public Events Highlights

As part of the Institute's public education initiative, the Institute regularly holds public seminar on timely issues affecting U.S. interests in the Asia-Pacific region. The following events were hosted in 2016:

China as a Responsible Stakeholder? A Decade Later

The Institute hosted a public conference in Washington, D.C. which brought together an expert panel to identify and assess areas where China challenges the existing international order and offered recommendations for a U.S. response to reinforce the pre-existing security and economic architecture in the Asia-Pacific. In 2005, then Deputy Secretary of State Robert Zoellick used the term "responsible stakeholder" to address how China should wield its influence in the coming future. The Project 2049 Institute invited Evan Feigenbaum, along with Ashley Tellis and Kathleen Hicks to discuss the future of this framework and its implications for U.S.-China relations.

Seek Truth from Facts: The Chinese Communist Party's War on History

The Project 2049 Institute convened the first of three conference focusing on the subject of the CCP's use of historical narratives and its impact on policy. This conference identified and assessed the impact of the CCP's 'war on history' at home and abroad by addressing the Sino-Japanese War, the Party's historical claim to Tibet, and confronting the use of history to consolidate national identity and its relevance to the 'rise of China.'

Going Ballistic: The Taiwan Strait Crisis at 20

In the wake of extraordinary attention on U.S.-China and U.S.-Taiwan relations, The Project 2049 Institute held a conference in Washington D.C. on the 96' Taiwan Strait Crisis and its implications for the future of the Asia-Pacific. The conference brought together a distinguished group of experts for a timely discussion on China's behavior before, during, and after the Crisis, with a special focus on the Chinese military. Panelists also examined the ways in which U.S.-Taiwan relations were strengthened after the 1995-1996 Taiwan Strait Crisis, and address some of the outstanding weaknesses which remain. Deputy Assistant Secretary of Defense for East Asia, Abe Denmark, provided a keynote address on U.S.-Taiwan defense relations.

Hearings

Staff and affiliates of Project 2049 Institute also testified on Capitol Hill in 2016:

- On February 11, 2016, Randy Schriver testified before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific at a hearing titled, "The Future of U.S.-Taiwan Relations."
- On September 27, 2016, Mark Stokes testified before the House Committee on Science Space and Technology Subcommittee on Space at a hearing titled "Are we Losing the Space Race to China?" on the evolving military-civilian fusion in the PRC's and PLA's space technology development and policy.
- On December 6, 2016, Kelley Currie testified before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific at a hearing titled "Step or Stumble: The Obama Administration's Pivot to Asia" on the lack of human rights and liberal values as a staple of U.S. foreign policy in the Asia-Pacific.

Private Roundtables

The Institute regularly hosts distinguished officials and speaker for private roundtables. In 2016, the Institute hosted the following guests:

Mr. Richard A. Bitzinger

Senior Fellow and Coordinator of the Military Transformations Program,
S.Rajaratnam School of International Studies

Dr. Bruce Jacobs

Professor of Asian Languages and Studies, Monash University

Outlook 2016

The incoming U.S. President will encounter a multitude of challenges, and the Asia-Pacific region is no exception. The People's Republic of China continues to militarize the South China Sea, new sanctions on North Korea must be monitored, the Rohingya crisis in Burma is of growing concern, South Korea is enduring political change, the Philippines and Cambodia are actively deepening relations with China, and there lies questions to U.S. continued leadership and support among allies and partners in the region. In light of a new U.S. administration, renewed attention and a review of policies are in order. Thus, the Project 2049 Institute is keen to continue programs aimed at strengthening and developing U.S. partnerships and alliances in the region.

In 2016, the Institute will continue to research and publish works related to the evolving regional security environment, host programs and exchanges with Asian counterparts, sponsor public discussions and conferences, and support efforts to enhance alliance partnerships in the Asia-Pacific region. The Institute will continue to increase its online presence through active social media outreach, press releases through its email listserv, and online publications.

2016 Financial Report

Grants and Contributions	
Japan Embassy	\$353,329
Burma Transition Initiative (State DRL)	\$250,000
Smith Richardson Foundation	\$166,476
TECRO	\$150,000
Taiwan Ministry of National Defense	\$129,382
Prospect Foundation	\$70,000
RAND Corporation	\$20,000
ROK	\$7,000
Total	\$1,147,187
Expenses	
Staff Expenses	\$371,523
Program Execution	\$580,000
Office Expenses	\$55,376
Travel	\$29,250
Other	\$12,000
Subtotal	\$1,048,149